

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., <i>et al.</i>, Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (KJC)
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**FEE AUDITOR’S FINAL REPORT REGARDING THE FINAL VERIFIED
APPLICATION OF FORMAN PERRY WATKINS KRUTZ & TARDY LLP
FOR REIMBURSEMENT OF EXPENSES AND COMPENSATION FOR
SERVICES IN EXCESS OF THE ORDINARY COURSE PROFESSIONAL
CAP FOR THE PERIOD FROM APRIL 1, 2006 THROUGH OCTOBER 31, 2007**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Final Verified Application of Forman Perry Watkins Krutz & Tardy LLP for Reimbursement of Expenses and Compensation for Services in Excess of the Ordinary Course Professional Cap for the Period from April 1, 2006 through October 31, 2007 (the “Application”).

BACKGROUND

1. Forman Perry Watkins Krutz & Tardy LLP (“Forman Perry”) was retained as an ordinary course professional (“OCP”) to provide legal services to the Debtors and Debtors-in-Possession. In the Application, Forman Perry seeks final approval of fees totaling \$3,304,539.00¹

¹We note that the total of the fees requested in Forman Perry’s three prior fee applications is \$3,368,332.50. It appears that Forman Perry has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 4, to arrive at the figure it seeks of \$3,304,539.00. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

and expenses totaling \$330,626.87² for its services from April 1, 2006 through October 31, 2007 (the “Final Application Period”).

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2014, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the “U.S. Trustee Guidelines”), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We emailed an inquiry to Forman Perry based upon our review, and we received a response from Forman Perry, which response is reflected herein.

DISCUSSION

Final Application Period

3. We noted that Forman Perry’s final fee request of \$3,304,539.00 includes fees of \$1,725.00 for preparation of its final fee application.³ In response to our request, Forman Perry sent

²We note that the total of the expenses requested in Forman Perry’s three prior fee applications is \$331,332.36. It does not appear that Forman Perry has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 4, to arrive at the figure it seeks of \$330,626.87. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

³The Application at n. 2 reads: “This amount includes all reductions to fees and \$1,725.00 for preparation of this fee application.”

us the fee detail for the \$1,725.00 in fees, from which we determined that the fees were for work performed after February 3, 2014, the Effective Date of the debtors' plan of reorganization. Because these fees were incurred after the Effective Date, they are beyond the scope of our review. We therefore offer no opinion or recommendation concerning these post-Effective Date fees in this report.

Prior Interim Applications

4. We note that we previously filed the following final reports for Forman Perry's prior interim applications, which final reports we incorporate by reference herein, and we also note the following orders that ruled on Forman Perry's prior interim fee applications:

24th Period: Fee Auditor's Final Report Regarding Fee Application of Forman Perry Watkins Krutz & Tardy LLP for the Twenty-Fourth Interim Period (Docket #16610), filed on or about August 22, 2007, in which we recommended approval of fees totaling \$1,323,744.15 and expenses totaling \$252,688.93, reflecting our recommended reductions of \$439,408.35 in fees and \$705.49 in expenses, as further explained in paragraphs 5, 7, 8 and 10 of that final report. The Court approved \$1,697,634.00 in fees and \$252,688.93 in expenses in the Order Approving Quarterly Fee Applications for the Twenty-Fourth Period, dated September 25, 2007 (Docket #16916).

25th Period: Fee Auditor's Final Report Regarding Fee Application of Forman Perry Watkins Krutz & Tardy LLP for the Twenty-Fifth Interim Period (Docket #17531), filed on or about December 3, 2007, in which we recommended approval of fees totaling \$787,927.50 and expenses totaling \$70,963.06,

reflecting our recommended reduction of \$1,577.91 in expenses, as further explained in paragraphs 3, 4 and 5 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Fifth Period, dated December 13, 2007 (Docket #17629).

26th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Sixth Interim Period (Docket #18176), filed on or about February 29, 2008, in which we recommended approval of fees totaling \$817,252.50 and expenses totaling \$5,396.97. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Sixth Period, dated March 12, 2008 (Docket #18270).

5. We have reviewed the final reports and orders allowing fees and expenses for the prior interim periods, and we do not believe there is any reason to change any of the amounts awarded for the prior interim periods.

CONCLUSION

6. Thus, we recommend final approval of \$3,302,814.00 in fees (\$3,304,539.00⁴

⁴We note that the total of the fees requested in Forman Perry's three prior fee applications is \$3,368,332.50. It appears that Forman Perry has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 4, to arrive at the figure it seeks of \$3,304,539.00. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

excluding \$1,725.00 in post-Effective Date fees)⁵ and \$329,048.96 in expenses (\$330,626.87⁶ minus \$1,577.91)⁷ for Forman Perry's services for the Final Application Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.



By: _____

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FEE AUDITOR

⁵See paragraph 3.

⁶We note that the total of the expenses requested in Forman Perry's three prior fee applications is \$331,332.36. It does not appear that Forman Perry has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 4, to arrive at the figure it seeks of \$330,626.87. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

⁷This is the amount of the Court-approved reduction for the Twenty-Fifth Interim Period, not previously deducted by Forman Perry. See paragraph 4.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 31st day of July, 2014.

A handwritten signature in blue ink, appearing to read "W-H Smith", is positioned above a horizontal line.

Warren H. Smith

SERVICE LIST

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